



# The Ghost Profit Worksheet

*Same restaurant. Same week. Two completely different stories.*

Meet **Harbor Grill** — a steady restaurant doing a true \$70,000 a week with a true 30% food cost and a true 21% labor cost. Nothing about the operation changes over these four weeks. Then why does the **cash-basis** P&L look like a heart attack monitor while **accrual** stays flat? Three reasons — see footnotes below.

Harbor Grill — Weekly P&L	Week 1		Week 2		Week 3		Week 4	
	CASH	ACCRUAL	CASH	ACCRUAL	CASH	ACCRUAL	CASH	ACCRUAL
Sales <sup>1</sup>	\$66,400	\$70,000	\$72,800	\$70,000	\$69,900	\$70,000	\$71,900	\$70,000
Food & Bev COGS <sup>2</sup>	\$28,300	\$21,000	\$14,200	\$21,000	\$22,700	\$21,000	\$19,800	\$21,000
Food cost %	42.6%	30.0%	19.5%	30.0%	32.5%	30.0%	27.5%	30.0%
Labor <sup>3</sup>	\$0	\$14,900	\$29,800	\$14,900	\$0	\$14,900	\$29,800	\$14,900
Labor cost %	0.0%	21.3%	40.9%	21.3%	0.0%	21.3%	41.4%	21.3%
Other Op. Expenses	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700
<b>NET PROFIT</b>	<b>\$26,400</b>	<b>\$22,400</b>	<b>\$17,100</b>	<b>\$22,400</b>	<b>\$35,500</b>	<b>\$22,400</b>	<b>\$10,600</b>	<b>\$22,400</b>
Operating income %	39.8%	32.0%	23.5%	32.0%	50.8%	32.0%	14.7%	32.0%

## Why the cash column moves

- Sales.** On cash basis, revenue only exists when the deposit hits the bank. Credit card settlements lag 2–3 business days, so weekend card sales from one week land in the next week's deposits. Third-party delivery platforms like DoorDash and Uber Eats pay weekly on their own schedule, not yours. Your weekly sales number ends up as a Frankenstein of this week's cash, last week's weekend cards, and whatever the platforms happened to push — net of their fees.
- Food & Bev COGS.** On cash basis, the cost of food isn't recorded when you use it — it's recorded when you pay the invoice. Vendors run on net 7, 14, or 30 day terms. Some weeks three produce invoices and a protein invoice all clear on the same Tuesday. Some weeks nothing clears. Your food cost % has almost nothing to do with what your kitchen actually did.
- Labor.** On cash basis with bi-weekly payroll, half your weeks show zero labor and half show double labor. And many months have three pay periods instead of two, so the damage compounds. You cannot hold a GM accountable for labor percentage when the number is driven by the payroll calendar, not the schedule.

Over four weeks, both columns total the same \$89,600 in net profit. **Cash basis isn't wrong — it's just unusable for managing the business week to week. By the time the noise averages out, the month is already over.**

**Ask yourself:** when your food cost % swings 23 points in four weeks and your labor cost swings from 0% to 41%, what decision can you possibly make? Who do you hold accountable?

## Book a free 30-minute Profitability Review

Bring your last three months of P&Ls. We'll show you where the Ghost Profit is hiding.

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